



UNITED STATES OF AMERICA
BEFORE THE
DEPARTMENT OF ENERGY
OFFICE OF FOSSIL ENERGY

In the Matter of

Puget Sound Energy, Inc.

FE Docket No. **14-194-LNG**

APPLICATION OF PUGET SOUND
ENERGY, INC. FOR LONG-TERM
AUTHORIZATION TO IMPORT
LIQUEFIED NATURAL GAS FROM
CANADA

Pursuant to Section 3 of the Natural Gas Act of 1938 (15 U.S.C. §717b), DOE Delegation Order Nos. 0204-111 and 2404-127, and the Regulations of the Department of Energy set forth in 10 C.F.R. Part 590, Puget Sound Energy, Inc. ("PSE") hereby applies to the United States Department of Energy ("DOE") for a Long-Term Authorization to Import Liquefied Natural Gas from Canada. PSE requests authorization to import a total of up to 1 billion cubic feet (Bfc) of liquefied natural gas (LNG) from Canada by truck for a term beginning on the date of approval of this application and ending on December 31, 2017.

In support of this request, PSE shows the following:

I
GENERAL

The names, titles and mailing addresses of the persons to whom correspondence and communications in regard to this application are to be addressed are:

APPLICATION OF PUGET SOUND ENERGY, INC.
FOR LONG-TERM AUTHORIZATION TO
IMPORT LIQUEFIED NATURAL GAS FROM
CANADA - 1

Puget Sound Energy, Inc.
Attn: Robert E. Neate
Assistant General Counsel
P.O. Box 97034
Bellevue, WA 98009-9734
telephone: (425) 456-2444

Puget Sound Energy, Inc.
Attn: Clay Riding, Director
Natural Gas Resources
P.O. Box 97034
Bellevue, WA 98009-9734
telephone: (425) 462-3179

II BACKGROUND

The exact legal name of the applicant is Puget Sound Energy, Inc. Puget Sound Energy, Inc., ("PSE") is a corporation organized and existing under the laws of the State of Washington and is a subsidiary of Puget Energy, Inc. PSE is a public service company furnishing electric and natural gas service within a 6,000 square mile territory, principally in the Puget Sound region of western Washington. As of December 31, 2013, PSE provided electric service to 1,086,985 electric customers and 779,866 natural gas customers. PSE transports firm supply natural gas for its distribution operations on Northwest Pipeline Corporation ("Northwest"). PSE also receives significant quantities of firm storage service from Northwest.

III AUTHORIZATION REQUESTED

Utilizing the Blanket Authorization issued in DOE/FE Order No. 3370, issued in FE Docket No. 13-142-NG (and previous Blanket Authorizations), PSE has purchased and imported interruptible short-term supplies of Canadian natural gas at the U.S.-Canadian border since 1991 and has exported short-term supplies of natural gas since 2002. PSE desires to continue the natural gas import and export activity authorized under DOE/FE Order No. 3370.

In addition, PSE recently executed a sales and dispensing agreement with Fortis BC for the purchase of liquefied natural gas from Fortis BC (LNG Agreement). PSE entered into the LNG Agreement to secure access to a back-up LNG supply, if needed. Any liquefied natural gas purchased by PSE from Fortis BC will be imported to the United States via tanker truck. The point of importation will be at Blaine, Washington, Sumas, Washington and/or Peace Arch and Truck Crossing at the United States/Canadian border.

PSE will report purchases under the LNG Agreement effective the first of the month following the approval hereof by the Department of Energy. The price for each import transaction will be established in the contract and/or determined by prevailing competitive market prices. Any imports under the requested authorization will utilize tanker trucks to deliver the liquefied natural gas to the point of importation and into the United States; no new construction will be required to receive the gas at the border or to deliver the gas to PSE or, for its account, or to others.

Pursuant to Section 3 of the Natural Gas Act, PSE will be authorized in Order to import LNG on behalf of or as agent for others only after registering the other party with DOE/FE. Reporting will include per Part F registration materials including an acknowledgement and agreement by the registrant to supply PSE with all information necessary to permit PSE to register that person or entity with DOE/FE, including: (1) the registrant's agreement to comply with the Authorization and all applicable requirements of DOE's regulations at 10 CFR Part 590; (2) the exact legal name of the registrant, state/location of incorporation/registration, primary place of doing business, and the registrant's ownership structure, including the ultimate parent entity if the registrant is a subsidiary or affiliate of another entity; (3) the name, title, mailing address, e-mail address, and telephone number of a corporate officer or employee of the registrant to whom inquiries

may be directed; (4) within 30 days of execution, a copy, filed with the DOE/FE under seal, of any long-term contract, including processing agreements, that result in the import of natural gas, including LNG.

Per Part G each registration submitted pursuant to the Authorization shall have current information on file with DOE/FE. Any changes in company name, contact information, change in term of the long-term contract, termination of the long-term contract, or other relevant modification, shall be filed with DOE/FE within 30 days of such changes(s).

The Commission's policies and directives in restructuring the natural gas industry create a nationwide natural gas market, composed of many suppliers and purchasers operating in an openly competitive environment. Accordingly, PSE can engage in liquefied natural gas purchasing activities beyond its existing distribution territories. Therefore, if the need arises, PSE intends to use its Long-Term Authorization to purchase and import liquefied natural gas for its own account as well as for the account of its Canadian or U.S. suppliers and its Canadian or U.S. purchasers. The subject application is similar to other blanket import and export arrangements approved by DOE.

IV PUBLIC INTEREST

The Energy Policy Act provides that the importation and exportation of natural gas from or to a nation with which there is in effect a free trade agreement shall be deemed to be within the public interest, and that applications for such importation and exportation shall be granted without modification or delay. Because PSE's application is for the importation of liquefied natural gas from Canada, a nation with which the United States has a free trade agreement, PSE submits that its Application is within the public interest.

V
ENVIRONMENTAL IMPACT

No new facilities will be constructed in the United States for the proposed importation of liquefied natural gas. Consequently, granting this Application will not be a federal action significantly affecting the quality of the human environment within the meaning of the National Environmental Policy Act, 42 U.S.C. § 4321, et seq. Therefore, an environmental impact statement or environmental assessment is not required.

VI
REPORTING REQUIREMENTS

PSE agrees to file quarterly reports of its import activities pursuant to the Authorization requested in this Application.

WHEREFORE, in consideration of the foregoing premises, Puget Sound Energy, Inc. respectfully requests:

1. That the Assistant Secretary for Fossil Energy or his delegate find that the issuance of a Long-Term Authorization as requested in this Application to Import Liquefied Natural Gas from Canada pursuant to Section 3 of the Natural Gas Act is not inconsistent with the public interest;
2. That PSE be authorized to import a total quantity of up to 1 billion cubic feet (Bfc) of liquefied natural gas from Canada;
3. That such other and further authority be granted to Puget Sound Energy, Inc. as may be necessary to authorize importation of liquefied natural gas from Canada as proposed in this application.

VII

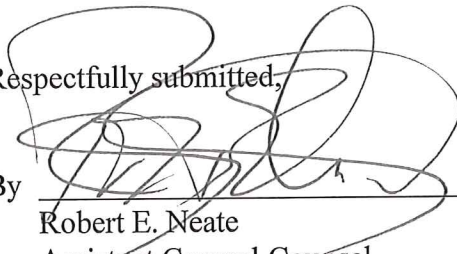
RELATED REGULATORY PROCEEDINGS

PSE's request is not being considered by any other part of the DOE, including the Federal Energy Regulatory Commission, or any other federal agency or department.

DATED: November 25, 2014.

Respectfully submitted,

By



Robert E. Neate
Assistant General Counsel
Puget Sound Energy, Inc.
P.O. Box 97034
Bellevue, WA 98009-9734

VERIFICATION

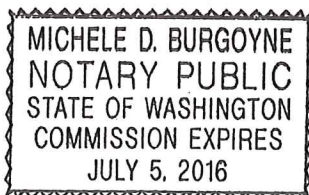
STATE OF WASHINGTON)
) ss.
COUNTY OF KING)

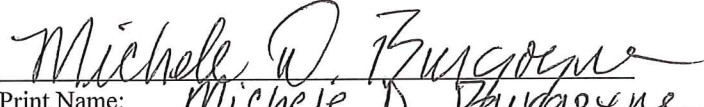
Clay Riding, being first sworn, deposes and says that he is the Director of Natural Gas Resources of Puget Sound Energy, Inc.; that he has read the foregoing Application for Authorization to Import Liquefied Natural Gas from Canada and is familiar with the contents thereof; that all the statements and matters contained therein are true and correct to the best of his information, knowledge and belief; and that he is authorized to execute and file the same with the Department of Energy.



Clay Riding

SUBSCRIBED AND SWORN TO before me this 25th day of November, 2014.





Print Name: Michele D. Burgoyne
Notary Public in and for the State of Washington,
residing at Snahomish, WA
My commission expires: 7/5/2016

Rate Schedule

LIQUEFIED NATURAL GAS SALES AND DISPENSING SERVICE AGREEMENT

This Agreement (LNG Natural Gas Sales and Dispensing Agreement or LNG Agreement) is dated January 16, 2015 (Effective Date) between [REDACTED] and Robert Sainsbury Inc. (Customer).

WHEREAS:

- A. [REDACTED] owns and operates the [REDACTED] in British Columbia.
- B. The Customer has requested that [REDACTED] provide services for liquefaction of natural Gas and Dispensing of LNG from the LNG Facilities.

NOW THEREFORE THIS LNG AGREEMENT WITNESSES THAT in consideration of the terms, conditions and limitations contained herein, the parties agree as follows:

1. Specific Information

Applicable Rate Schedule:

Type of Service:

☐ Long Term ☐ Short Term ☒ Spot

Dispensing Point
Preferred by Customer:

☐ Tilbury ☐ Mt. Hayes ☐ Other

Contract Demand:

N/A GigaJoules per Year

Contract Demand Allocation

☐ Daily ☐ Monthly

Blomethane Percentage Selection:

Commencement Date:

January 1st, 2015

Expiry Date:

Service Address:

N/A

Account Number:

Order No.: G-211-13

Issued By: [REDACTED] Director, Regulatory Affairs

Effective Date: December 12, 2013

BCUC Secretary: Original signed by [REDACTED]

Original Page SA-48.1

2. Incorporation of Rate Schedule

- 2.1 **Additional Terms** - All rates, terms and conditions and definitions set out in the LNG Sales, Dispensing and Transportation Service Rate Schedule as any of them may be amended in accordance with section 2.2 (Amendment of Rate Schedule) of this Rate Schedule and in the General Terms and Conditions of [REDACTED] as any of them may be amended by [REDACTED] and approved by the British Columbia Utilities Commission, are in addition to the terms and conditions contained in this LNG Agreement and form part of this LNG Agreement and bind [REDACTED] and the Customer as if set out in this LNG Agreement.
- 2.2 **Conflict** - Where anything in this LNG Agreement conflicts with either the other terms in Rate Schedule or the General Terms and Conditions of FortisBC Energy, the provisions of this LNG Agreement govern. Where anything in the Rate Schedule conflicts with any of the rates, terms and conditions set out in the General Terms and Conditions of [REDACTED] the provisions of the Rate Schedule govern.

3 General

- 3.1 **Amendments to be in Writing** - Except as otherwise set out in the Rate Schedule, no amendment or variation of this LNG Agreement will be effective or binding upon the parties unless such amendment or variation is set out in writing and duly executed by the parties.
- 3.2 **Notice** - Any notices or other communication which may be or is required to be given or made pursuant to the Agreement shall, unless otherwise expressly provided herein, shall be in writing and shall be personally delivered to or sent by facsimile to either party at its address set forth below:

MAILING ADDRESS:

If to the Customer

FortisBC Energy Inc.

Order No.: Q-211-13

Issued By: [REDACTED] Director, Regulatory Affairs

Effective Date: December 12, 2013

BCUC Secretary: *Original signed by* [REDACTED]

Original Page SA-46.2

MAILING ADDRESS:

10885 4th Street, PSB-045
Bellevue, Washington
98004-5591

Attention: Michelle Kuan

phone: (425) 462-3137
Fax: (425) 462-3147-3175 WMLC
email: michelle.kuan@psb.com

- 3.3 **Severability** - If any provision of this LNG Agreement is determined by a court of competent jurisdiction to be invalid, illegal or unenforceable in any respect, such determination does not impair or affect the validity, legality or enforceability of any other provision of this LNG Agreement.
- 3.4 **Execution** - This LNG Agreement may be executed in counterparts, each of which shall be deemed as an original, but all of which shall constitute one and the same instrument. Delivery of an executed counterpart of this letter by facsimile or electronic transmission hereof shall be as effective as delivery of an originally executed counterpart hereof.

Order No.: G-211-13

Issued By: [Signature], Director, Regulatory Affairs

Effective Date: December 12, 2013

BCUC Secretary: Original signed by [Signature]

Original Page SA-46.3

IN WITNESS WHEREOF the parties hereto have executed this LNG Agreement.

FORTISBC ENERGY INC.

Pacific Sound Energy Inc.
(Name of Customer)

BY: [Signature]

BY: [Signature]

SENIOR MANAGER BUSINESS DEVELOPMENT
(Title)

DIRECTOR, NATURAL GAS RESOURCES
(Title)

MARK GRIST
(Name - Please Print)

CLAY RIDING
(Name - Please Print)

DATE: NOVEMBER 19, 2014

DATE: OCTOBER 16, 2014

BY: _____

(Signature)

(Title)

(Name - Please Print)

DATE: _____

Order No.: G-211-13

Issued By: Diane Roy, Director, Regulatory Affairs

Effective Date: December 12, 2013

BCUC Secretary: Original signed by E.M. Hamilton

Original Page SA-46.4